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POR System and 2010 Reforms

The Peace Officer Retirement System (PORS) is designed to provide State Troopers, Criminal Investigators, Drug Enforcement Officers, Casino Law Enforcement Officers and other State peace officers with retirement benefits after serving and protecting Iowans throughout their career. PORS was specifically designed because due to our public safety profession, we are not part of the Social Security System and will never receive a Social Security benefit.

Second, PORS provides disability benefits to its members who do not otherwise qualify for Social Security or workers compensation benefits. This dual benefit structure, well established throughout the country for the public safety profession, was created to address the inherent risks faced by those in uniform. It is well documented that public safety workers are more prone to on the job disabilities and have a shorter life expectancy because of the dangers they are subjected to over the course of their careers.

The following reforms resulted from our collaboration and were adopted by the Legislature and signed into law by the Governor in 2010:

- Members increased their contribution rate by 2% over a four year period to a level of 11.35% of wages;
- Retirees reduced an escalator payment beginning July 1, 2010;
- The State agreed to infuse \$5 million per year into the system until the funded ratio reaches 85% starting July 1, 2012 (the Legislature delayed the first payment in 2012 with the first payment made in 2013);
- Future benefit enhancements are funded 60% by the State and 40% by the Member. In the past, benefit enhancements were funded by the system at the existing employer and employee contribution rates, so this change results in a potential decreased future liability to the State and a potential increased future liability to the Members.

It is of paramount concern that we have a disability and retirement system adequate to meet the unique needs of officers in uniform. Our members took responsible steps in 2010 by offering reforms to bring the system onto solid financial footing. We ask the Legislature to simply allow these reforms to work and not make any structural changes to PORS.

Cancer and Infectious Disease Benefit

Purpose

Peace Officers in the POR System are exposed to carcinogens, needle sticks and other hazardous materials in the course of their day-to-day work protecting Iowans. Their exposure to these hazardous materials makes these officers susceptible to cancer and infectious



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disease. SPOC proposes a presumption of cancer and infectious disease for accidental disability benefits.

Background

In 2009, members of the Municipal Fire and Police Retirement System of Iowa (MFPRSI) sought a cancer and infectious disease disability presumption from the Iowa Legislature. The legislation was passed and approved by the Governor. The POR System was in a challenging financial situation in 2009. Including another benefit and more cost to the system and the members was not a financially prudent action at that time. The first priority of the POR members was to get their pension system reformed and on a firm long-term path to financial stability. In 2010, the Legislature passed and the Governor signed a set of reforms putting the POR System back on track. In 2013, the last item from those reforms was activated.

Proposal

As the POR System is not only a retirement system, it is also a disability system for all peace officer members in the State Patrol and the Division of Criminal Investigation, as well as the POR System is on a path to financial stability, the POR members seek legislation to include a presumption of cancer and infectious disease for accidental disability benefits in the POR System. The POR members will pay for the cost to the POR System.

On September 21, 2012, the POR System's actuary did a report for the System (paid for by the members) that estimates the cost of including the presumption of cancer and infectious disease ranges between a .02% to .07% increase. The .07% increase was based on the assumption that 50% of those members who went out on ordinary disability would qualify (with this assumption) for accidental disability. The .02% increase was based on the assumption that 15% of those members who went out on ordinary disability would qualify for accidental disability. The actuary said about the possibility of a .07% increase, 'We believe this assumption is probably on the high end of the cost spectrum.'

In order to better ascertain the actual number of members who would be eligible for the increased benefits of accidental disability, were this legislation passed, the Department of Public Safety conducted a retrospective analysis of the members who were on ordinary disability. 23 files were reviewed. Of those, only two members would have likely qualified for accidental disability under the proposed definition of cancer/infectious diseases. That equated to 8.7%. Therefore combining the Department's analysis with the actuary's analysis, the increase from the members necessary to cover the increased cost to the system is less than .02%. The members are very conservative and want to leave no doubt that this added benefit will be covered by the increase and thus not affect the system negatively. Therefore, the POR members propose to increase their contribution rate by .05% to cover the cost of the benefit. There is no request that this change be retroactive. At their October meeting, the POR Board voted unanimously to recommend this change.